

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 00-0167P

Use Tax

Calendar Years 1996, 1997, and 1998

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer is a manufacturer of water intake and wastewater treatment products that was audited for compliance in 1999. At audit, it was determined that the taxpayer failed to pay tax on equipment and consumables used in its business.

Taxpayer failed to remit use tax on clearly taxable capital assets and expense purchases such as maintenance tools, supplies consumed within the repair shop, material management office supplies, receiving department supplies, and factory administration supplies.

1. **Tax Administration** – Penalty

DISCUSSION

Taxpayer's audit report revealed that it failed to remit use tax on capital assets and general expense purchases.

Taxpayer states it strongly disagrees with the imposition of a negligence penalty because the auditor never discussed it and no reasoning was included with the assessment report.

Taxpayer failed to self assess use tax on taxable capital assets and general purchases. Taxpayer failed to remit tax on ninety-three percent (93%), eighty-three percent (83%), and ninety-four percent (94%) in use tax for calendar years 1996, 1997, and 1998 respectively. Taxpayer did not provide reasonable cause to allow a waiver of the penalty.

FINDING

Taxpayer's protest is denied.

DW/RAW/JMS/dw 002804